

Rep. Ray Franz

From: Kevin Severt <ksevert@schmuckaloil.com>
Sent: Wednesday, March 9, 2016 9:26 AM
To: Rep. Ray Franz
Cc: Paul Schmuckal
Subject: HB 4895 - URGENT- On Agenda today

Importance: High

Representative Ray Franz,

Good Morning. I am reaching out with an urgent request related to HB 4895 which I understand is on the House Regulatory Reform Committee's agenda for today.

I am the President/CEO of Schmuckal Oil Company. As we are a small outstate business, you may not be familiar with us. Here is a little bit about who we are:

- We are a small family owned, Michigan convenience store business founded in 1955
- Our main office is located in Traverse City
- We have 26 stores in West and Northern Michigan
- We employ approximately 280 employees (depending on seasonality)
- For full-time employees we offer full medical, dental, 401-k, profit sharing, and additional benefits
- We have a starting hourly wage above the state minimum wage
- We invest heavily in training and development of our employees
- We make significant annual charitable donations back to the communities in which we operate

We work very hard and compete daily with the many gas/convenience stores in the market. That is the nature of the business we enjoy and it is healthy for Michigan.

HB 4895, if passed in the current form, will create an unfair playing field for small businesses such as ours. This Bill will give a very clear benefit to "Big Box Retailers" and directly, negatively impact our ability to compete on an evening playing field and hurt our business. Some quick bullet points as to how and why:

- This Bill will permit Big Box Retailers to obtain a license from the MLCC to sell alcoholic beverages at their gas station/convenience stores and will specifically prevent a small operator such as Schmuckal Oil from having the same opportunity to obtain additional licenses
- Current law permits us to have a license at 16 of our 26 stores (where we have been able to build sufficient inventory to meet the current requirement, this is very burdensome but at least current law has all gas stations faced with the same burdensome hurdle). We have a proven record of being a responsible retailer of alcoholic beverages in the limited locations we have been permitted a license. I can tell you with certainty, there is significant competitive and profitable advantage to having such a license
- Where there is an advantage to having a license, conversely there is a disadvantage to not having a license. This Bill will permit Big Box (most not even Michigan headquartered companies) to have a significant advantage over the small local operator. In several instance we compete directly with these retailers for gas/convenience business
- All Gas stations should be treated the same with regards to state legislation. This Bill favors the large, mostly out-of-state businesses

- It is bad public policy to pass legislation that specifically, for no valid public safety reason, picks winners and losers within a business channel. This Bill picks the Big Box out-of-state retailer over the small in-state operator, most of whom are family owned business serving their local community trying to survive against large retailers
- Big Box retailers are in favor of this Bill because it benefits them directly (and exclusively)
- Beer and Wine wholesalers favor this Bill simply because they don't want to add delivery stops to their business operations, this bill appeases powerful Big Box and limits the additional delivery stops for wholesalers but leaves the small operators such as Schmuckal Oil Co. out and disadvantaged.
- The small gas/convenience store operator and the Michigan consumer (by limiting access to purchase alcohol from their local business operator) as the only losers

All we have ever asked is that the playing field is level, all gas/convenience operators whether large or small are treated the same with regards to legislation impacting our industry. That is why we supported the previous amendment that lowered the inventory requirement to \$50,000 for all gas stations. With this email, **I am respectfully requesting you to vote NO on HB 4895 unless there is an amendment to lower the required inventory level to \$50,000, creating a fair playing field for all operators.** If lowering the inventory level, field faces too much opposition, passing HB 4895 creating a loop-hole and unfair advantage for Big Box is not the answer.

I have spent my career working at times in each of the "three-tiers" of the alcohol industry in Michigan. I have worked for a brewery, wholesaler, and retailer. I have in-depth understanding of the industry and the nuances. I respectfully ask that you take the time to fully understand the impact of HB 4895. Small family owned Michigan businesses, providing quality jobs in our local communities, are relying on you and your thoughtful decision and vote.

I will follow this email with a call to your office. Please feel free to call or email me if I can provide you any additional information.

Sincerely,

Kevin

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President/CEO

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